



COUNCIL CHAMBERS
17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037

COUNCIL MEMBERS

Dennis Kennedy, Mayor
Mark Grzan, Mayor Pro Tempore
Larry Carr, Council Member
Greg Sellers, Council Member
Steve Tate, Council Member

REDEVELOPMENT AGENCY

Dennis Kennedy, Chair
Mark Grzan, Vice-Chair
Larry Carr, Agency Member
Greg Sellers, Agency Member
Steve Tate, Agency Member

WEDNESDAY, JULY 26, 2006

AGENDA

JOINT MEETING

CITY COUNCIL SPECIAL & REGULAR MEETING

and

REDEVELOPMENT AGENCY SPECIAL & REGULAR MEETING

5:00 P.M.

*A Special Meeting of the City Council and Redevelopment Agency
is Called at 5:00 P.M. for the Purpose of Conducting a Workshop.*

Dennis Kennedy, Mayor/Chairman

CALL TO ORDER

(Mayor/Chairperson Kennedy)

ROLL CALL ATTENDANCE

(City Clerk/Agency Secretary Torrez)

DECLARATION OF POSTING OF AGENDA

Per Government Code 54954.2

(City Clerk/Agency Secretary Torrez)

5:00 P.M.

City Council Action and Redevelopment Agency Action

WORKSHOP

1. **ECONOMIC DEVELOPMENT STRATEGY** 1
Recommended Action(s): *Conduct Workshop*

7:00 P.M.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

INTRODUCTIONS

Chris Ghione, Recreation Manager
Recreation & Community Services Director Rymer

CITY COUNCIL REPORT

Mayor Pro Tempore Grzan

CITY COUNCIL COMMITTEE REPORTS

CITY MANAGER'S REPORT

CITY ATTORNEY'S REPORT

OTHER REPORTS

PUBLIC COMMENT

NOW IS THE TIME FOR COMMENTS FROM THE PUBLIC REGARDING ITEMS NOT ON THIS AGENDA.

(See notice attached to the end of this agenda.)

**PUBLIC COMMENTS ON ITEMS APPEARING ON THIS AGENDA WILL BE TAKEN AT THE TIME
THE ITEM IS ADDRESSED BY THE COUNCIL. PLEASE COMPLETE A SPEAKER CARD AND
PRESENT IT TO THE CITY CLERK.**

(See notice attached to the end of this agenda.)

**PLEASE SUBMIT WRITTEN CORRESPONDENCE TO THE CITY CLERK/AGENCY SECRETARY. THE
CITY CLERK/AGENCY SECRETARY WILL FORWARD CORRESPONDENCE TO THE CITY
COUNCIL/REDEVELOPMENT AGENCY.**

City Council and Redevelopment Agency Action

ADOPTION OF AGENDA

City Council Action

CONSENT CALENDAR:

ITEMS 2-12 The Consent Calendar may be acted upon with one motion, a second and the vote, by each respective Agency. The Consent Calendar items are of a routine or generally uncontested nature and may be acted upon with one motion. Pursuant to Section 5.1 of the City Council Rules of Conduct, any member of the Council or public may request to have an item pulled from the Consent Calendar to be acted upon individually.

Time Estimate	Page
Consent Calendar: 1 - 10 Minutes	
2. <u>ACCEPTANCE OF FARALLON DRIVE STORM DRAIN AND MISCELLANEOUS STORM DRAIN REPAIR PROJECT</u>	5
<u>Recommended Action(s):</u>	
1. <u>Accept</u> as Complete the Farallon Drive Storm Drain System and Miscellaneous Storm Drain Repair Project in the Final Amount of \$367,973.; and	
2. <u>Direct</u> the City Clerk to File the Notice of Completion with the County Recorder's Office.	
3. <u>ACCEPTANCE OF SUBDIVISION IMPROVEMENTS FOR TRACT 9602, MISSION RANCH PHASE VII</u>.....	11
<u>Recommended Action(s):</u>	
1. <u>Adopt</u> Resolution Accepting the Subdivision Improvements Included in Tract 9602, Commonly Known as Mission Ranch Phase VII; and	
2. <u>Direct</u> the City Clerk to File a Notice of Completion with the County Recorder's Office.	
4. <u>PRELIMINARY JUNE 2006 FINANCE AND INVESTMENT REPORT-CITY</u>.....	17
<u>Recommended Action(s):</u> <u>Accept</u> and <u>File</u> Report.	
5. <u>AMENDMENT TO IMPROVEMENT AGREEMENT WITH LUSAMERICA</u>.....	45
<u>Recommended Action(s):</u> <u>Approve</u> Amendment to the Improvement Agreement with Lusamerica and Authorize the City Manager to Sign the Amendment on Behalf of the City; Subject to Review and Approval by the City Attorney.	
6. <u>ACCEPTANCE OF SUBDIVISION IMPROVEMENTS FOR TRACT 9500, TUSCANY MEADOWS</u>	49
<u>Recommended Action(s):</u>	
1. <u>Adopt</u> Resolution Accepting the Subdivision Improvements Included in Tract 9500, Commonly Known as Tuscany Meadows; and	
2. <u>Direct</u> the City Clerk to File a Notice of Completion with the County Recorder's Office.	

	Time Estimate	Page
	Consent Calendar: 1 - 10 Minutes	
7.	<u>PUBLIC WORKS LANDSCAPE MAINTENANCE AGREEMENT FOR FISCAL YEAR 2006-2008.....</u>	55
	<u>Recommended Action(s):</u>	
	1. <u>Approve</u> Maintenance Agreement for Grounds and Landscape Maintenance Services for Fiscal Years 2006-2007 and 2007-2008 to New Image Landscape Company in the Amount of \$281,065; and	
	2. <u>Authorize</u> the City Manager to Execute an Agreement on behalf of the City; Subject to Review and Approval by the City Attorney.	
8.	<u>RESOLUTION OF SUPPORT FOR ABAG TO CREATE A COUNTYWIDE SUB-REGION WITHIN THE REGIONAL HOUSING NEEDS ALLOCATION PROCESS.....</u>	75
	<u>Recommended Action(s):</u> <u>Adopt</u> Resolution Authorizing the City of Morgan Hill to Become a Member of a Countywide Sub-Region Consortium with the Purpose of Locally Administering the ABAG Regional Housing Needs Allocation Process.	
9.	<u>APPROVAL OF IMPROVEMENT AGREEMENT.....</u>	83
	<u>Recommended Action(s):</u> <u>Authorize</u> the City Manager to Execute an Improvement Agreement with Morgan Hill Retail Venture L.P. for the Cochrane Road and Highway 101 Retail Center, Subject to Review and Approval by the City Attorney.	
10.	<u>ADOPT ORDINANCE NO. 1786, NEW SERIES.....</u>	103
	<u>Recommended Action(s):</u> <u>Waive</u> the Reading, and <u>Adopt</u> Ordinance No. 1786, New Series, and <u>Declare</u> That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A ZONING AMENDMENT TO ESTABLISH A PLANNED UNIT DEVELOPMENT ON A 3.5 ACRE SITE LOCATED ON THE NORTHEAST CORNER OF THE INTERSECTION OF MONTEREY ROAD AND BISCEGLIA AVENUE (APNs 817-01-061, 062, 063 & 064) (ZA-05-09: Church-Alcini).	
11.	<u>ADOPT ORDINANCE NO. 1787, NEW SERIES.....</u>	109
	<u>Recommended Action(s):</u> <u>Waive</u> the Reading, and <u>Adopt</u> Ordinance No. 1787, New Series, and <u>Declare</u> That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING DEVELOPMENT AGREEMENT APPLICATION DA-05-08 FOR APPLICATION MC 04-15: CHURCH - ALCINI (APN 817-01-061 & 064) (ZA-05-09: CHURCH-ALCINI).	
12.	<u>ADOPT ORDINANCE NO. 1788, NEW SERIES.....</u>	113
	<u>Recommended Action(s):</u> <u>Waive</u> the Reading, and <u>Adopt</u> Ordinance No. 1788, New Series, and <u>Declare</u> That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO A PRECISE DEVELOPMENT PLAN FOR AN EXISTING PLANNED UNIT DEVELOPMENT (PUD) ORDINANCE (ORDINANCE NO. 1687) TO ALLOW AN APPROXIMATELY 167,500 SQUARE FOOT ABOVE GROUND MATHEMATICS CONFERENCE CENTER WITH A 34,385 SQUARE FOOT UNDERGROUND GARAGE AND A NEW 185 SPACE SURFACE PARKING LOT TO REPLACE AN EXISTING 121 SPACE PARKING LOT ON AN APPROXIMATELY 54 ACRE SITE LOCATED AT 14830 FOOTHILL AVENUE. (APNS 825-30-007 AND 825-29-002) (ZAA 03-03: FOOTHILL – THE INSTITUTE).	

Redevelopment Agency Action

CONSENT CALENDAR:

ITEMS 13-15

	Time Estimate		Page
	Consent Calendar: 1 - 10 Minutes		
13.		<u>PRELIMINARY JUNE 2006 FINANCE AND INVESTMENT REPORT-RDA</u>	119
		<u>Recommended Action(s):</u> <u>Accept</u> and <u>File</u> Report.	
14.		<u>REQUEST FROM WESTON-MILES ARCHITECTS FOR A LOAN FOR OFF-SITE IMPROVEMENTS</u>	131
		<u>Recommended Action(s):</u> <u>Authorize</u> the Executive Director to do Everything Necessary and Appropriate to Loan Weston Miles Architects up to \$10,000 for Off-Site Improvements for Their Depot and Main Street Project, Subject to the Same Provisions as the Existing Loans.	
15.		<u>AUTHORIZATION TO APPLY FOR AND ACCEPT A CALIFORNIA HOUSING FINANCE AGENCY (CalHFA) RESIDENTIAL DEVELOPMENT LOAN FOR HOUSING PROJECTS</u>	135
		<u>Recommended Action(s):</u> <u>Adopt</u> a Resolution Authorizing the Executive Director to: 1) Apply to the California Housing Finance Agency (CalHFA) "Residential Development Loan" Program for a Loan of up to \$2,000,000, and 2) Do Everything Necessary and Appropriate to Accept and Execute the Loan Agreements with CalHFA; Subject to Review and Approval by the Agency Counsel, if Awarded.	

City Council Action

PUBLIC HEARINGS:

	Time Estimate		Page
16.	10 Minutes	<u>ASSESSMENT OF HAZARDOUS VEGETATION MANAGEMENT PROGRAM CHARGES</u>	139
		Public Hearing Opened. Please Limit Your Remarks to 3 Minutes. Public Hearing Closed Council Discussion. Action- <u>Adopt</u> Resolution Ordering the Final Report on the 2006 Hazardous Vegetation Program be Transmitted to the County Assessor's Office and that Liens be Posted Against the Properties on the Report.	
17.	5 Minutes	<u>PUBLIC HEARING AND ADOPTION OF RESOLUTIONS CONFIRMING FISCAL YEAR 2006-2007 ANNUAL ASSESSMENT FOR THE FOX HOLLOW-MURPHY SPRINGS ASSESSMENT DISTRICT</u>	147
		Public Hearing Opened. Please Limit Your Remarks to 3 Minutes. Public Hearing Closed Council Discussion. Action- <u>Adopt</u> Resolutions Confirming the Fiscal Year 2006-2007 Annual Assessment for the Fox Hollow/Murphy Springs Assessment District.	

PUBLIC HEARINGS:

	Time Estimate		Page
18.	15 Minutes	<u>FORMATION OF PROPERTY-BASED IMPROVEMENT DISTRICT (PBID)</u>	241
		Public Hearing Opened. Please Limit Your Remarks to 3 Minutes. Council Discussion. Action- <u>Authorize</u> the City Clerk's Office to Open and Count the Ballots. Action- <u>Declare</u> the Results of the Ballot Process and Close Public Hearing.	
		If a majority of returned property owner ballots weighted by the Financial Obligations of the Assessment to be paid is met; than	
		Action- <u>Approve</u> the Resolution Authorizing the Formation of the PBID, the Levy, and Collection of Assessments for a Period of Five Years, Commencing Fiscal Year 2006-2007; and	
		Action- <u>Approve</u> the Final Engineer's Report (Previously Submitted).	

Redevelopment Agency Action

OTHER BUSINESS:

	Time Estimate		Page
19.	10 Minutes	<u>COMMERCIAL REHABILITATION LOAN PROGRAM FOR DOWNTOWN SMALL BUSINESSES</u>	279
		<u>Recommended Action(s):</u> <u>Authorize</u> the Executive Director to do Everything Necessary and Appropriate to Develop and Implement a Commercial Rehabilitation Program for Downtown Businesses Based on the Approved Program Parameters, Including Execution of Loan Documents and Minor Modification of the Program Parameters; Subject to Review and Approval by Agency Counsel.	

City Council Action

OTHER BUSINESS:

	Time Estimate		Page
20.	10 Minutes	<u>CONSIDERATION OF CONSTRUCTION BID FOR DEPOT STREET RECONSTRUCTION PROJECT</u>	285
		<u>Recommended Action(s):</u> <u>Consider</u> Bid Results from Depot Street Reconstruction Project and Staff Recommendation to be Presented at or Prior to Meeting.	
21.	30 Minutes	<u>REPORT ON POSSIBLE BALLOT MEASURE TO AMEND THE RESIDENTIAL DEVELOPMENT CONTROL SYSTEM ORDINANCE (MEASURE C) FOR DOWNTOWN MIXED USE PROJECTS</u>	287
		<u>Recommended Action(s):</u> Should the Council decide to place a measure on the ballot to amend the Residential Development Control System (RDCS), the appropriate action would be: <u>Adopt</u> a Resolution Calling and Giving Notice of the Holding of a General Municipal Election to be held on Tuesday, November 7, 2006 for the Submittal to the Voters of a Ballot Measure to Revise Ordinance No. 1665, New Series, to Allow for up to 100 Additional Housing Units, and the Removal of the Timing of Construction Limitations for Downtown Housing and Mixed Use Projects that are Consistent with the Downtown Plan.	

Redevelopment Agency Action

OTHER BUSINESS:

	Time Estimate		Page
22.	10 Minutes	<u>OWNER PARTICIPATION AGREEMENT (OPA) WITH GUNTER BUILDING, LLC. FOR THE REDEVELOPMENT OF THE FORMER GUNTER BROTHERS BUILDING</u>	289
		<u>Recommended Action(s):</u>	
		1. <u>Authorize</u> the Executive Director to do Everything Necessary and Appropriate to Execute and Implement the Owner Participation Agreement with Gunter Building, LLC. in the Amount of \$462,400; Subject to Review and Approval by Agency Counsel; and	
		2. <u>Appropriate</u> \$462,400 from Fund 317.	

City Council Action

PUBLIC HEARINGS:

	Time Estimate		Page
23.	15 Minutes	<u>SPECIAL EVENT USERS FEES AND PARK/FIELD RENTALS</u>	331
		Public Hearing Opened. Please Limit Your Remarks to 3 Minutes. Public Hearing Closed Council Discussion.	
		Action- <u>Approve</u> Proposed Special Event User Fees and Park/Field Rentals.	
		Action- <u>Adopt</u> Resolution Establishing Special Event User Fees and Park/Field Rentals.	

City Council Action

OTHER BUSINESS:

	Time Estimate		Page
24.	10 Minutes	<u>CENTENNIAL RECREATION CENTER FITNESS EQUIPMENT PURCHASE</u>	339
		<u>Recommended Action(s):</u>	
		1. <u>Approve</u> Purchase Order of \$82,979.40 to Cybex International for the Purchase of Centennial Recreation Center Strength Machines, Free Weight, and Plate Loaded Equipment; and	
		2. <u>Approve</u> Purchase Order of \$21,580.38 to Advantage Fitness Products for the Purchase of Centennial Recreation Center Elliptical and Stretch Trainer Equipment; and	
		3. <u>Consider</u> Staff Recommendation Regarding Award for Bid for Cardiovascular Equipment.	

City Council Action

PUBLIC HEARINGS:

	Time Estimate		Page
25.	5 Minutes	<u>ZONING TEXT AMENDMENT TO CHAPTER 18.47, AFFORDABLE HOUSING BONUSES AND OTHER INCENTIVES AND CHAPTER 18.55, SECONDARY DWELLING UNITS</u>	341
		Public Hearing Opened.	
		Please Limit Your Remarks to 3 Minutes. Public Hearing Closed	
		Council Discussion.	
		Action- <u>Motion to Waive</u> the First and Second Reading of the Ordinance.	
		Action- <u>Motion to Introduce</u> Ordinance by Title Only. (Roll Call Vote)	

City Council Action

OTHER BUSINESS:

	Time Estimate		Page
26.	10 Minutes	<u>MEASURE C BUILDING ALLOTMENT FOR FISCAL YEAR 2009-2010</u> <u>Recommended Action(s): Adopt</u> Resolution Approving the Total Building Allotment for Fiscal Year 2009-2010; Reserving a Portion of the Total Allotment for a Micro Project Competition and Awarding the Remaining Allotment to On-Going Projects.	375

Redevelopment Agency Action

OTHER BUSINESS:

	Time Estimate		Page
27.	10 Minutes	<u>URBAN HOUSING COMMUNITIES (UHC) SENIOR HOUSING PROJECT</u> <u>Recommended Action(s):</u> 1. <u>Authorize</u> the Executive Director to do Everything Necessary and Appropriate to Purchase and Acquire a 2.8 Acre Site at 98 East Central Avenue from Capogeannis Trust for \$3,725,000, Less Deposits Applied Toward the Purchase Price, Plus Closing and Escrow Costs, for a 49-Unit Senior Housing Project, Including the Assumption of the Purchase Agreement from Urban Housing Communities, Subject to Agency Counsel Review; and 2. <u>Negotiate, Prepare, and Execute</u> an Exclusive Right to Negotiate (ERN) Agreement with Urban Housing Communities, Subject to Agency Counsel Review, to Develop the Site Which will Include the Reimbursement of Their Deposits for the Property Purchase; Subject to Agency Counsel Review.	391

City Council and Redevelopment Agency Action

OTHER BUSINESS:

	Time Estimate		Page
28.	10 Minutes	<u>DOWNPAYMENT ASSISTANCE PROGRAM</u>	409
		<u>Recommended Action(s):</u> <u>Authorize</u> the City Manager/Executive Director to Develop and Implement the Down Payment Assistance Program for City Employees Per the Program Parameters as Recommended by the Council's Community and Economic Development Committee (C&ED).	

City Council and Redevelopment Agency Action

OTHER BUSINESS:

	Time Estimate		Page
29.	5 Minutes	<u>REQUEST BY POPPY JASPER FILM FESTIVAL FOR CITY CO-SPONSORSHIP</u>	423
		<u>Recommended Action(s):</u>	
		1. Council Determination as to Whether to <u>Sponsor</u> the Poppy Jasper Film Festival, Allowing Advertising in the City's Publications; and	
		2. <u>Defer</u> Action on the Request for Financial Assistance Until the Committee has Completed its Review and Recommendation for a Process for Considering Similar Requests.	
30.	5 Minutes	<u>VOTING DELEGATE TO THE 2006 LEAGUE OF CALIFORNIA CITIES ANNUAL CONFERENCE</u>	427
		<u>Recommended Action(s):</u>	
		1. <u>Appoint</u> Voting Delegate and Alternate Voting Delegate to the League of California Cities' Annual Conference;	
		2. <u>Consider</u> the Appointment of a Second Alternate Voting Delegate; and	
		3. <u>Direct</u> the City Clerk to Complete the Voting Delegate Form and <u>Forward</u> said form to the League of California Cities.	

FUTURE COUNCIL-INITIATED AGENDA ITEMS:

Note: in accordance with Government Code Section 54954.2(a), there shall be no discussion, debate and/or action taken on any request other than providing direction to staff to place the matter of business on a future agenda.

ADJOURNMENT

PUBLIC COMMENTS ON ITEMS NOT APPEARING ON AGENDA

Following the opening of Council/Agency business, the public may present comments on items *NOT* appearing on the agenda that are within the Council's/Agency's jurisdiction. Should your comments require Council/Agency action, your request will be placed on the next appropriate agenda. No Council/Agency discussion or action may be taken until your item appears on a future agenda. You may contact the City Clerk/Agency Secretary for specific time and dates. This procedure is in compliance with the California Public Meeting Law (Brown Act) G.C. 54950.5. Please limit your presentation to three (3) minutes.

PUBLIC COMMENTS ON ITEMS APPEARING ON AGENDA

The Morgan Hill City Council/Redevelopment Agency welcomes comments from all individuals on any agenda item being considered by the City Council/Redevelopment Agency. Please complete a Speaker Card and present it to the City Clerk/Agency Secretary. This will assist the Council/Agency Members in hearing your comments at the appropriate time. Speaker cards are available on the table in the foyer of the Council Chambers. In accordance with Government Code 54953.3 it is not a requirement to fill out a speaker card in order to speak to the Council/Agency. However, it is very helpful to the Council/Agency if speaker cards are submitted. As your name is called by the Mayor/Chairman, please walk to the podium and speak directly into the microphone. Clearly state your name and address and then proceed to comment on the agenda item. In the interest of brevity and timeliness and to ensure the participation of all those desiring an opportunity to speak, comments presented to the City Council/Agency Commission are limited to three minutes. We appreciate your cooperation.

NOTICE

AMERICANS WITH DISABILITIES ACT (ADA)

The City of Morgan Hill complies with the Americans with Disability Act (ADA) and will provide reasonable accommodation to individuals with disabilities to ensure equal access to all facilities, programs and services offered by the City. If you need special assistance to access the meeting room or to otherwise participate at this meeting, including auxiliary aids or services, please contact the Office of the City Clerk/Agency Secretary at City Hall, 17555 Peak Avenue or call 779-7259 or (Hearing Impaired only - TDD 776-7381) to request accommodation. Please make your request at least 48 hours prior to the meeting to enable staff to implement reasonable arrangements to assure accessibility to the meeting.

If assistance is needed regarding any item appearing on the City Council/Agency Commission agenda, please contact the Office of the City Clerk/Agency Secretary at City Hall, 17555 Peak Avenue or call 779-7259 or (Hearing Impaired only - TDD 776-7381) to request accommodation.

NOTICE

Notice is given, pursuant to Government Code Section 65009, that any challenge of Public Hearing Agenda items in court, may be limited to raising only those issues raised by you or on your behalf at the Public Hearing described in this notice, or in written correspondence delivered to the City Council/Agency Commission at, or prior to the Public Hearing on these matters.

NOTICE

The time within which judicial review must be sought of the action by the City Council/Agency Commission which acted upon any matter appearing on this agenda is governed by the provisions of Section 1094.6 of the California Code of Civil Procedure.